



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

Office Of The Under Secretary

8 MAR 1999

MEMORANDUM FOR SEE DISTRIBUTION

FROM: SAF/IAX
1080 Air Force Pentagon
Washington DC 20330-1080

SUBJECT: Revised Procedures for requesting Waiver of Nonrecurring Cost Recoupment Charges (DSCA Memo I-77981/98, SUBJ: Nonrecurring Cost Recoupment Charge Waiver Request) (IAX 99007)

Defense Security Cooperation Agency requested the MILDEPs respond directly to FMS Customer request for Nonrecurring Cost Recoupment charges when such requests are not applicable (Atch 1). Historically, DSCA has responded to all requests for NC waivers. You are hereby requested to ensure all requests for NC waiver are returned to the customer when NC is not applicable. The customer will be advised that NC is not applicable to the article(s) in question.

Additionally, DSCA requested the MILDEPs apply the appropriate note listed below to: 1) the cover memo used to forward the LOA to DSCA for review/countersignature; 2) the cover letter utilized to forward the LOA to the foreign customer for acceptance, and 3) in the terms and conditions of the LOA. Effective immediately select from the following list the appropriate standard notes to be included:

1. The customer's request for waiver of NC cost against line item(s) ____ of this LOA has been approved by DSCA memorandum I-_____ dated _____ and no NC costs are included in the attached LOA.
2. NC costs apply to line item(s) ____ of this LOA. The customer's waiver for NC costs against line item(s) ____ is under review and was forwarded to DSCA on _____. A subsequent LOA amendment or modification will be prepared to reflect this waiver if approved.
3. NC costs apply to line items(s) ____ of this LOA. If desired, a waiver for NC costs must be forwarded for consideration with appropriate justification, prior to your acceptance of the LOA.
4. No NC costs apply to this FMS sale.

DoD 5105.38-M, Security Assistance Manual, paragraph 70105.L will be revised to reflect the above change.

If you have any questions or need additional information, please contact Lewis Witt, SAF/IAXM, (703) 588-8960, DSN 425-8960, or email witt.lewis@pentagon.af.mil.



ERIC A. VRANEK, Colonel, USAF
Chief, Policy Division
Deputy Under Secretary, Int'l Affairs

Attachment:
As stated

cc:
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DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

DEC 21 1998

In reply refer to:
I-77981/98

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE ARMY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE
DEPARTMENT OF THE NAVY

DEPUTY UNDER SECRETARY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

SUBJECT: Nonrecurring Cost Recoupment Charge Waiver Requests

We are revising our practice regarding nonrecurring cost (NC) recoupment charge waiver requests. In the past DSCA personnel have responded on behalf of the Military Departments (MILDEPs) to requests, such as the one attached from Canada, which contain a pro forma request to waive NC charges. In the future, the MILDEPs should respond directly to Foreign Military Sales (FMS) customer requests to waive NC charges when they are not applicable.

DSCA will continue to take action on customer requests for waiver of NC charges on purchases of major defense equipment. We request your continued action to notify our foreign military sales customers of relevant NC charges for their purchase requests and prompt action for subsequent customer requests for NC waivers. In several instances in the past we have failed to respond to the country advising them of applicable NC charges until after they had signed the Letter of Offer and Acceptance (LOA). Their subsequent request for waiver of the charges had to be denied, since the Arms Export Control Act requires the customer's request be made prior to the sale.

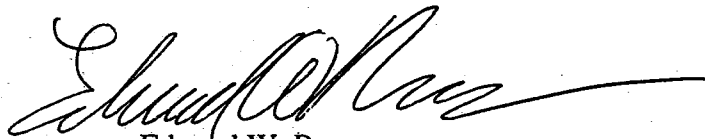
To address our concerns regarding NC costs, the MILDEPs are requested to include one of the following standard notes, as appropriate, in the cover memo used to forward the LOA to DSCA for review/countersignature, the cover letter used to forward the LOA to the foreign customer for acceptance, and in the terms and conditions of the LOA.

1. NC costs apply to line item(s) ___ of this LOA. The customer's waiver for NC costs against line item(s) ___ has been approved by DSCA memorandum I-_____ dated _____ and no NC costs are included in the attached LOA.

Prep'd by: Ms. Crook, 601-3716
Distr: Orig Addressee & cc
MEAN Chron - wlo attach
MEAN-AP Subj wlo attach
MEAN-AP Chron wlo attach

2. NC costs apply to line item(s) ___ of this LOA. The customer's waiver for NC costs against line item(s) ___ is under review and was forwarded to DSCA on _____. A subsequent LOA amendment or modification will be prepared to reflect this waiver if approved.
3. NC costs apply to line item(s) ___ of this LOA. If desired, a waiver for NC costs must be forwarded for consideration with appropriate justification, prior to your acceptance of the LOA.
4. No NC costs apply to this FMS sale.

Paragraph 70105.L of the Security Assistance Management Manual will be revised to reflect the above change. My point of contact concerning this matter is Ms. Gail Crook, telephone no. (703) 601-3716.



Edward W. Ross

Director

Middle East, Asia, North Africa

Attachment
As stated

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